

INFORMATION LETTER

Not for
Publication

NATIONAL CANNERS ASSOCIATION

For Members
Only

No. 1297

Washington, D. C.

August 5, 1950

QMC Procurement Plans

The Quartermaster Corps still is without authority to negotiate purchases of canned foods and is carrying on business as usual through the advertised bid method of buying.

The Office of the Quartermaster General reportedly is still computing revised estimates of requirements from the 1950 pack of canned foods. The QMG does not plan, at present, to release an August table of canned food requirements. Requirements will be announced through the issuance of invitations for bids.

The QM Purchasing Office in Oakland has invited bids on quantities of

(Please turn to page 245)

Railroads Short of Box Cars; To Use Reefers in Two Areas

Because of accumulations of refrigerator cars and a shortage of box cars in some areas, the railroads this week began to furnish refrigerator cars for movement of canned foods in Florida, and fresh fruit and vegetables in California, Washington and a portion of Oregon.

The Association of American Railroads requested the Seaboard Air Line Railroad to supply refrigerator

(Please turn to page 244)

Tomato Products Bulletin Revised by N.C.A. Laboratories

The Association's Laboratory Bulletin 27-L, *Tomato Products*, has been reissued in a revised edition, and copies were mailed to members this week.

Previous editions of the bulletin have covered the manufacture, composition and testing of tomato pulp, paste, catsup, and chili sauce. A new chapter on tomato has now been added. It describes the manufacture of this product with special attention to the various methods of processing and precautions advocated for ensuring freedom from spoilage.

Each member will receive one copy of Bulletin 27-L in the regular distribution. Additional copies may be obtained upon request to the N.C.A. Research Laboratories.

President Challenged by Congress on Need for Price Control Authority Now

The President's desire to call for price control and rationing authority at a later date and at his discretion was challenged this week by efforts in Congress to write such an authorization into the Administration's "Defense Production Bill" now.

This difference of opinion between the Executive and Congress threatened to delay enactment of the "Defense Production Bill"—on a question that the President has said should not delay mobilization of the nation's productive capacity.

In response to a question on his views on the need for price, wage and rationing authority now, the President wrote to Senator Maybank (S. C.), chairman of the Senate Banking and Currency Committee, this week:

"Any provisions relating to prices and wages should not set up a rigid formula or freeze in advance of experience. If these powers are now made available in advance of widespread need, it is simple common sense that they must be written in a form which allows wide discretion and flexibility as to the method and place and timing of application.

"For the same reason, any grant of price and wage authority should leave open the question of the (Please turn to page 245)

Report on Steel Situation

First official indication that steel will be the initial critical material considered in government implementation of the Defense Production Act of 1950, when enacted, was given August 2 by H. B. McCoy, director of the Office of Industry and Commerce, U. S. Department of Commerce, in an address before a group of Washington trade association executives. Mr. McCoy indicated that steel control measures would first be felt in the form of a voluntary allocation program.

He rated defense requirements for steel at 5½ to 6 million tons a year, possibly growing to a rate of 10 million tons on a finished steel basis, at which time mandatory controls would be instituted including priority, limitation and conservation measures. First of these, Mr. McCoy indicated, would be inventory controls.

(Please turn to page 244)

Renegotiation Bill

The House Committee on Armed Services on August 2 began consideration, in executive session, of H. R. 9246, the Vinson bill providing for renegotiation of all government contracts. Open hearings will be held August 10-11.

A brief summary of existing renegotiation requirements and a brief statement on H. R. 9246 appears on page 246.

SUPPLIES

Reports on Tin Supply

Because of the importance of maintaining complete supply and demand information on tin, the Office of Industry and Commerce will continue to collect and compile statistics on this metal under a voluntary industry reporting system, it is reported by the U. S. Department of Commerce. The Department has received authority from the Bureau of the Budget to proceed with the voluntary reporting plan.

Shipments of Glass Containers

Shipments of 9,343,593 gross of glass containers in June were 15 percent greater than the 8,136,861 gross shipped in June, 1949, according to the Bureau of the Census, U. S. Department of Commerce.

Shipments of selected glass containers during May and June, 1950, and June, 1949, are reported as follows:

	June 1950	May 1950	June 1949
(quantities expressed in gross)			
Narrow-neck:			
Food	818,773	1,274,295	701,406
Beverage,			
non-			
returnable	27,994	22,214	6,625
Wide-mouth:			
Food	2,359,039	2,077,350	1,974,539
Jelly glasses	30,414	20,582	25,796

Report on Steel Situation

(Concluded from page 243)

When his estimates are compared with 1941 and 1949 finished steel production figures, as reported by the American Iron and Steel Institute, with the estimated 1950 and 1951 capacities, and the corresponding amounts shipped in 1941 and 1949 to the metal container manufacturing industry, it would appear that steel controls should have a minimum effect on food containers.

According to AISI, 62,324,187 net tons of finished steel were produced in 1941. Of this total the container industry (cans, drums, crowns, and other closures) received 4,489,410 tons or approximately 7.2 percent, while the automotive industry received 6,516,348 tons, or 10.5 percent. In 1949, due to slack business in the early part of the year and to strikes in the fall, the steel industry produced only 60,882,387 net tons of finished steel. Of this total, the container industry received 4,655,635 tons, or 7.65 percent and the automotive industry 10,962,894 tons, or 18.0 percent.

In 1949 shipments of steel for use in the manufacture of sanitary cans amounted to 1,893,099 tons, for general line cans 1,229,124 tons, and for caps, crowns and closures 231,293 tons, according to the AISI. Corresponding figures for 1941 are not available.

Capacity for finished steel production this year is estimated at 75,000,000 tons and for 1951 at 80,000,000 tons.

In view of the recognition during World War II of the defense role of the canning industry and of canned food as a weapon of defense, there exists a precedent for allocating the steel needed for the canning industry on the same basis as for other defense industries.

In his talk, Mr. McCoy gave assurance that the Department of Commerce will consult with industry and business before any mandatory program is put into effect. He asked that business assume the obligation of letting the public know how well off the nation is in meeting the new defense requirements. Consultation with business and industry, he stated, would be through the medium of industry committees selected after consultation with the national trade associations.

STATISTICS

Preliminary Findings Reported in Preserving Industry Survey

The output of jams and preserves in the United States has been relatively stable in the past three years, according to a progress report on a fruit spreads production survey being conducted by the U. S. Department of Commerce.

Jelly production in 1949, however, was apparently slightly under 1948 and about 10 percent less than in 1947. Sizeable successive cutbacks in the output of marmalades and fruit butters have been made in the past two years.

A sufficient number of returns have not yet been received to estimate actual production totals for jams and jellies in 1949, and the Department has directed its 42 field offices to request manufacturers to expedite return of the questionnaires which were first mailed in May (see INFORMATION LETTER of May 13, page 174).

Preliminary returns indicate that strawberry flavor accounted for 28 percent of all preserves and jams produced in 1949 compared with 25 percent in 1948, and that grape flavor

constituted 28 percent of all jellies produced with 33 percent in 1948.

Production of apple jelly increased from 19 to 21 percent of the total output between 1948 and 1949, while apple jelly mixture decreased from 21 percent in 1948 to 19 percent in 1949. The proportion of all other jelly flavors increased from 27 percent to 31 percent, according to the Department.

Apple butter accounted for 94 percent of all fruit butter produced in 1949. About 95 percent of all marmalade was orange.

Poultry Canned in June

The quantity of poultry canned or used in canning during June totaled 13,196,000 pounds, 9 percent less than the quantity canned during June of last year, it is reported by the Bureau of Agricultural Economics.

Railroads Use Reefer Cars

(Concluded from page 243)

cars for the movement of canned foods in the Southern Division. The AAR reports an accumulation of refrigerator cars and a shortage of box cars in Florida. To improve distribution, refrigerator cars are to be supplied unless the shipper wishes to await the availability of box cars.

The Interstate Commerce Commission on August 1 advised railroads to furnish, at their option, refrigerator cars in lieu of box cars for the shipment of fresh fruit and vegetable containers (crates, lug boxes) and box shooks, from points in Washington, Oregon, and California, to destinations in California.

This action resulted from the movement of empty refrigerator cars from points in Washington, Oregon and California to destinations in California, ICC said, and is intended to release box cars for other and more essential transportation. "In the opinion of the Commission an emergency exists requiring immediate action to prevent a shortage of equipment." The provisions of the order apply to both inter- and intra-state.

In lieu of each box car ordered, a maximum of three refrigerator cars may be supplied, subject to the carload minimum weight which would have applied had the shipment been made in a box car. The ICC order is effective at 12:01 a. m., August 3, and expires at 11:59 p.m., October 31, unless changed by order of the Commission.

STANDARDS

Grades for Cranberry Sauce

Notice is given in the *Federal Register* of August 2 that the Production and Marketing Administration is considering the issuance of U. S. standards for grades of canned cranberry sauce. The proposed standards are reproduced in that issue.

Grades for Canned Grape Juice

Notice is given in the *Federal Register* of August 1 that the Production and Marketing Administration is considering the revision of U. S. standards for grades of canned (or bottled) grape juice. The proposed revision is reproduced in that issue.

PROCUREMENT

USDA Purchase of RSP Cherries

Some of the offers to sell canned red sour pitted cherries to the USDA were accepted this week by the Production and Marketing Administration. Also, PMA has sent to those who submitted offers an additional proposition, requesting new offers to be received by midnight, August 7.

Announcement of the quantities of canned RSP cherries on which acceptance was made this week will be delayed until completion of the purchase.

The Walsh-Healey Public Contracts Act, requiring payment of overtime for work in excess of eight hours a day, will not apply to performance under these PMA contracts.

Invitations for Bids

Quartermaster Purchasing Office—1619 West Pershing Road, Chicago 9, Ill.; Oakland Army Base, Oakland 14, Calif.

Veterans Administration—Procurement Division, Veterans Administration, Wash. 25, D. C.
Purchase Division, Federal Supply Service, General Services Administration, 7th and D Streets, S. W., Washington 25, D. C.

The Walsh-Healey Public Contracts Act will apply to all operations performed after the date of notice of award if the total value of a contract is \$10,000 or over.

The QMC has invited sealed bids to furnish the following:

BEANS WITH PORK and tomato sauce—19,350 dozen No. 2½ cans. Bids due at Chicago under Bid No. QM-11-009-51-189 by Aug. 7.

CANNED MEATS—quantities of canned meats and meat products. Bids due at Chicago under Bid No. QM-11-009-51-159 by Aug. 8.

PICKLES AND PICKLE RELISH—quantities of whole cucumber pickles, sour pickles, sweet pickles, and pickle relish. Bids due at Chicago under Bid No. QM-11-009-51-176 by Aug. 9.

The Veterans Administration has invited sealed bids to furnish the following:

OLIVES—6,000 one-gallon jars of green stuffed olives and 6,400 No. 10 cans of ripe unpitted olives. Bids due under Invitation No. S-38 by Aug. 17.

The Federal Supply Service has invited sealed bids to furnish the following:

Canned Item	Quantity (Cases)	Bid No.	Bid Opening (Date)
Cherries—6/10	200	1D-91529	Aug. 21
Blueberries—6/10	350	1D-91529	Aug. 21
Beans with pork —6/10	500	1D-91530	Aug. 21
Carrots, sliced— 6/10	1,200	1D-91530	Aug. 21

QMC Procurement Plans

(Concluded from page 243)

certain canned foods ranging from two to four times the total requirements announced in April.

Among the canned foods covered in recent invitations for bids are these:

	(Dozens)	(Basis)	(Bid Opening)
Asparagus	815,656	2	Aug. 3
Apricots	261,777	2½	Aug. 14
Blackberries	79,687	2	Sept. 5
Cherries, RSP	397,727	2	Aug. 7
Peaches	893,546	2½	Aug. 24
Pineapple, crushed	30,014	2½	Aug. 15
Pineapple, other	87,022	2½	Aug. 15
Pineapple juice	427,147	2	Aug. 15
Tomato paste	210,078	2	Aug. 31

RAW PRODUCTS

Warning on Tomato Late Blight

Late tomato blight has been reported as present in all of the important tomato producing areas, with the exception of Michigan, east of the Mississippi River. Dr. P. R. Miller, coordinator of the warning service, makes these comments in the Plant Disease Warning Service Bulletin of July 28:

"According to our records, late blight on tomatoes is more widely distributed today than it was on July 28, 1946. Also it would appear, from the various reports of the state plant pathologists received during the past two weeks, that potentially it is also as destructive, if not more so."

The long-range weather outlook calls for heavy rains and above-normal temperatures over most of the tomato growing areas.

Canners, therefore, might be advised to make an immediate check of their tomato acreage, and, after consulting the state plant pathologist at the agricultural college for his suggestion, to make plans for immediate control.

PUBLICITY

McCall's Magazine

In the food section of the August *McCall's* magazine is an attractively illustrated article entitled "Eat Out Of A Can" with a background title "Forget the Heat," which is carried throughout the food section. The article shows a large colored photograph of the four recipes featured—tuna paprika, spaghetti casserole, Spanish eggs, and chipped beef au gratin.

The writer begins, "One of the joys and problems of summer is visiting firemen, old and dear friends who always seem to turn up when the cupboard seems to be bare. That's why *McCall's* recommends a pantry stocked with canned goods, those dear, dependable foods you can turn into gourmet dishes with a twist of your wrist."

Price Control Authority

(Concluded from page 243)

method of administration. This should remain flexible, because it cannot be separated from the question of the extent to which price and wage controls actually might have to be applied."

This comment by the President apparently reflects the White House recognition that a price control program cannot be implemented without first creating an agency for that purpose, and that while such an agency is being staffed and organized, a price freeze or roll-back might not work. This would be particularly true at this time in the case of seasonal industries.

The President's letter to Senator Maybank urged that the "Defense Production Bill" be enacted "without delay." He wrote:

"If this measure is enacted promptly, we can do a great deal to ease the economic adjustments which our defense effort will require. At the same time, we can continue, on an expedited but careful basis, our planning and preparation for other economic controls, if and when needed."

H. R. 9176, the House version of the "Defense Production Bill," was debated in the lower house beginning August 1. In the Senate, the Banking and Currency Committee continued consideration of S. 3936.

By noon yesterday the House had reversed itself and eliminated several proposals providing for price controls. The Senate Committee apparently was waiting for the House to untangle itself on this issue.

RENEGOTIATION

Current Status of Required Renegotiation Of Government Contracts

The following brief summary of the existing renegotiation requirements for government contracts together with an analysis of a pending renegotiation bill which may soon become law is provided as a guide to canners who have not in the past had occasion to familiarize themselves with these requirements.

Renegotiation, as revived in 1948 by the Supplemental National Defense Appropriations Act of 1948, was originally applicable only to contracts for airplanes and airplane parts. In 1950, the National Military Establishment Appropriation Act broadened renegotiation to cover all negotiated contracts for procurement entered into during the fiscal year 1950 by or on behalf of the Department of Defense (including the Department of the Army, Department of the Navy and Department of the Air Force), and all subcontracts thereunder. It applied only to contracts or subcontracts in excess of \$1,000, and renegotiation proceedings could be instituted only in cases where accruals or receipts under contracts subject to renegotiation amounted to more than \$100,000 during the contractor's fiscal year. The 1951 fiscal act, as contained in the appropriation bill now pending, includes a provision of similar import.

A "negotiated" contract is the only type of contract subject to renegotiation under the 1950 Act. Such a contract is one entered into by or on behalf of the Department of Defense without formal advertising (competitive bid). The Armed Services Procurement Act of 1947 requires contracting officers to use the formal advertising or competitive bid method of procurement except in certain specified instances.

Consequently, unless contracts with the Department of Defense fall within one of the exceptions or are exempt from the formal advertising requirements by other statutory authority, they must be entered into on a competitive bid basis and, therefore, are not "negotiated" contracts subject to renegotiation.

It is the present practice of the Department of Defense to place in each negotiated contract a clause stating the exemption under which the negotiation method was authorized and the words "negotiated contract" preceding the contract number on the face of the instrument. When this procedure is carried out, there can be no question as to whether the contract is subject to renegotiation as a "negotiated" contract or exempt as one entered into on a formal advertising (competitive bid) basis.

The fact that a contracting officer solicits price quotations from other

suppliers during the negotiation procedure does not transform a negotiated contract into a competitive bid contract. Such price quotations are not sealed bids submitted in response to formal invitations and they cannot be interpreted as competitive bids.

The Secretary of Defense and the Military Renegotiation Policy and Review Board are authorized to exempt from renegotiation general classes or types of contracts otherwise subject to renegotiation under the 1950 Act. When such contracts or subcontracts are permissively exempted in this manner, the amount of such contract need not be included in the \$100,000 limitation or "floor." When contracts or subcontracts are, however, individually exempted by the Secretary of a Department, they must be included in applying the \$100,000 limitation. Contracts entered into through formal advertising need not, of course, be included in the \$100,000 amount.

H. R. 9246, introduced on July 26 by Representative Vinson (Ga.), chairman of the House Armed Services Committee (see INFORMATION LETTER of July 29, page 242), would restore renegotiation of government contracts to a wartime basis. It would extend renegotiation to contracts made not only by the Department of Defense but also by the General Services Administration and any other agencies of the federal government which the President may designate

as exercising functions in connection with the national defense.

Since the General Services Administration executes most of the government's non-defense contracts, the bill would cover practically every contract let by the government. Renegotiation also would be applied to all contracts and subcontracts regardless of amount and regardless of whether they were negotiated or entered into on a formal advertising or competitive bid basis. H. R. 9246 would continue, however, the requirement that total accruals or receipts in the contractor's tax year must exceed \$100,000 before renegotiation proceedings could be instituted.

PERSONNEL

W. B. Murphy Advances

James McGowan, Jr., president of Campbell Soup Company, announces that at a meeting of the board of directors of that company held July 25 W. B. Murphy was elected a member of the board.

Mr. Murphy joined the Campbell organization in 1938 as assistant to the general manager. He served in that capacity until 1946, when he became executive assistant to the president, and in 1949 he was elected executive vice president of the company.

During the period 1942-45, he was granted a leave of absence to serve as one of the ranking officials of the War Production Board.

TABLE OF CONTENTS

	PAGE		PAGE
Congress		Statistics	
President challenged by Congress on need for price control authority now	243	Preliminary findings reported in preserving industry survey	244
Renegotiation bill	243	Poultry canned in June	244
Supplies		Standards	
Report on steel situation	243	Grades for cranberry sauce	245
Reports on tin supply	244	Grades for canned grape juice	245
Shipments of glass containers	244	Raw Products	
Procurement		Warning on tomato late blight	245
QMC procurement plans	243	Publicity	
USDA purchase of RSP cherries	245	McCall's magazine	245
Invitations for bids	245	Renegotiation	
Traffic		Current status of required renegotiation of government contracts	246
Railroads short of box cars; to use reefers in two areas	243	Personnel	
Processing		W. B. Murphy advances	246
Tomato products bulletin revised by N.C.A. laboratories	243		